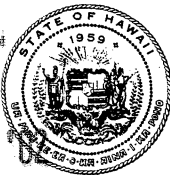


DEPT. OF
TRANSPORTATION
PERSONNEL
STAFF

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DIRECTOR'S OFFICE
DEPT. OF
TRANSPORTATION

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Wayne M. Horie
Acting Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

P.O. BOX 119
HONOLULU, HAWAII 96810-0119

DEC 11 2002

COMPTROLLER'S MEMORANDUM NO. 2002-45

TO: Heads of Departments and Agencies

ATTN: Payroll and Personnel Offices

SUBJECT: Personal Use of State-Owned Vehicles

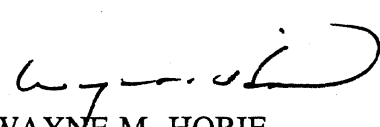
This memorandum addresses the use by employees of State-owned vehicles to commute to and from work. With the need to have resources utilized in the most efficient and economical manner, we are requesting that departments closely examine the use of State-owned vehicles by its employees.

Employees who continue to commute to and from work in a State-owned vehicle must be given notice by January 31, 2003. (For any needed background on this matter, please refer to Comptroller's Memorandum No. 1987-3, dated January 20, 1987.)

As in prior years, the State of Hawaii has elected to use the "commuting valuation rule" allowed by IRS Regulation Section 1.61-21(f) to value the commuting use of a State-owned vehicle in 2003. Under this special valuation rule, commuting use of the vehicle is valued at \$1.50 per one-way commute; thus, the amount includible in compensation as a fringe benefit is \$3.00 for each round-trip commute, for a maximum of \$678 per year, or \$56.50 per month.

Also, as in prior years, the State of Hawaii has elected not to withhold income taxes on the computed fringe benefit amount. Social Security and Medicare taxes are required to be withheld.

Please furnish a copy of this memorandum to each employee in your department or agency who commutes in a State-owned vehicle. Such employees must be so notified no later than January 31, 2003 (or within 30 days after the fringe benefit has been provided to the employee by approving the commuting use of a State-owned vehicle.)


WAYNE M. HORIE
Acting State Comptroller